

INFORMATION REPORT

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CENTRAL INTELLIGENCE AGENCY

c. SHEVCHENKO protested about the representative of Jawa and Ogaru, Mr. FABER, who recently demanded that USIA purchase motorcycles for the Austrian market from him with the explanation that he himself would not ask for a very large share of the personal profit from the transaction. SHEVCHENKO was annoyed that he should be approached with such a proposal, as though he were an Austrian and, particularly, that he had been offered a large personal profit. The incident was inexplicable to him, and I could offer no excuses. In consequence, SHEVCHENKO said that he had no confidence in the representatives of Czechoslovak national enterprises and export concerns, and that contracts would be made with them only in the event that they were confirmed by our government (that is, the Ministry of Foreign Trade), and only after they were guaranteed by us. I attempted to outline for him the whole system of our representatives and our national enterprises and explained that to establish our office as guarantors in such cases would be but to reintroduce the difficulties encountered with the Kotva piping. SHEVCHENKO replied that he would either request guarantees as above or would be willing to have me delegated as bondsman. Please advise me immediately in this matter.

d. They are willing to give us copper scrap from Bizonia as compensation for transportation and incidental costs figured on a basis of one percent. The negotiations are at this juncture. Please answer the above inquiries as soon as possible."

3. During January 1949, an Austrian with USIA connections, one POPOVICH, was in Prague negotiating with Centrotech, Prague II, Revolucni Nam. 3, regarding the purchase of Egyptian cotton for Czechoslovakia. The cotton, which is to be purchased by USIA firms or middlemen and paid for with Czech export goods, will be handled outside the channels normally controlled by the Austrian Government.

4. The Czech wholesale house, Velnakup Handels- A.G., Vienna III, ^{Weyrgasse 28/30}, with a branch office at Vienna I, Salzries 17, which deals with USIA, is allegedly a center of Czechoslovak espionage activity. Company officials transmit intelligence material in the course of routine business trips to Bratislava and Znojmo. The commercial director, an Austrian named Franz BINDER, is charged with the assignment of keeping in touch with important persons in commercial circles. Another director of this firm, a well-known Viennese pastry ^{shop} owner of Czech origin, PEROUTKA, has a similar assignment. ** Included among the more important members of this firm are one POSPICHEL, deputy director, who maintains

owner of a delicatessen at Vienna III, Rasumofskygasse 5, residing at Vienna III, Weyrgasse 7.

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